



Department of Justice

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JUSTICE DEPARTMENT APPROVES JOINT MARKETING OF AIR CARGO SERVICES BY DELTA AIRLINES AND AIR FRANCE

WASHINGTON, D.C. - The Department of Justice today announced that it does not intend to challenge a proposal by Delta Airlines Inc. and Societe Air France to jointly market air cargo shipment services from the United States to points abroad since the joint venture is unlikely to have an anticompetitive effect on prices or service.

Delta and Air France are planning to enter into a marketing joint venture for most of their international air cargo shipments that originate in the United States. These exports are principally to Europe. The joint venture will be owned equally by Delta and Air France.

The purpose of the joint venture is to enable Delta and Air France to augment their air cargo services and to reduce the costs of that service. The joint venture will offer customers access to a larger, combined network than is provided by either party independently. Delta and Air France assert that the joint venture will increase their ability to compete in the international freight marketplace.

In a business review letter issued by John M. Nannes, Acting Assistant Attorney General in charge of the Department's Antitrust Division, to counsel for Delta and Air France, the Department said that "if, as [the parties] contend, U.S.-to-Europe air cargo exports constitute the appropriate geographic market in which to examine the potential competitive effects of the [joint venture], it seems unlikely that the [joint venture] would confer on its two members any power to increase prices, curtail output, or reduce innovation. The market . . . would appear to be relatively unconcentrated with no significant barriers to entry. The [joint venture] will face

considerable competition from other rivals, large and small. To the extent that the [joint venture] provides customers with more flexible or efficient services, it could have a procompetitive effect in the market.”

Under the Department’s Business Review Procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement as to whether the Division intends to challenge the action under the antitrust laws.

A file containing the business review request and the Department’s response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Department of Justice, Washington, D.C. 20004. After a 30-day period, the documents supporting the business review will added to the file.

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